THE AFFORDABLE CARE ACT (ACA) AND OPTIONAL MEDICAID EXPANSION

WHAT COULD IT MEAN FOR WYOMING?

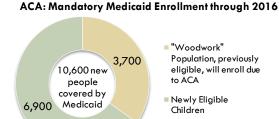
WHAT IS THE ACA?

The Affordable Care Act was passed in 2010, and attempts to reduce the number of uninsured individuals through four primary components. These are: the individual mandate, health benefits exchange, employer penalties and subsidies, and the optional expansion of Medicaid. This fact sheet focuses only on the optional expansion of Medicaid.

IS THE ACA NOW LAW?

Yes. On June 28, 2012, the U.S. Supreme Court issued its ruling, which upheld the individual mandate as a constitutional exercise of Congress's authority to tax. The Court struck down the penalties that could be imposed upon states that did not expand their Medicaid programs to adults. This decision is interpreted as making the ACA Medicaid expansion optional for states, although coverage for groups already eligible for Medicaid will still be mandatory.

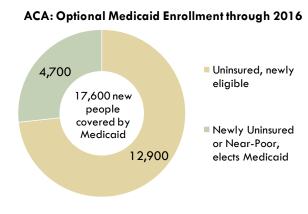
WHAT IS THE IMPACT OF THE ACA ON WYOMING MEDICAID?



While some details are still unknown, the ACA will impact Wyoming whether it decides to opt-in to the Medicaid expansion, or not. Starting in 2014, all people will be required to have health insurance, so public insurance plans such as Medicaid will see an increase in the number of adult and child enrollees as people who have always been eligible come out of the 'woodwork.' The best estimate for Wyoming at this time is that 10,600 people will enroll due to the ACA.

WHAT IS THE OPTIONAL EXPANSION OF MEDICAID?

The Optional Expansion is related to low-income adults not currently eligible for Medicaid who earn less than 133% of the Federal Poverty Level. These adults could become eligible in 2014 if Wyoming decides to participate in the Expansion. Best estimates for Wyoming at this time indicate that 17,600 additional people would enroll in Medicaid if it were expanded. Services for this Expansion group would be reimbursed via federal match at 100% from 2014-16, and then step down to 90% by the year 2020, reducing the burden on Wyoming's state funds.





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ARE THERE BENEFITS TO EXPANDING MEDICAID?

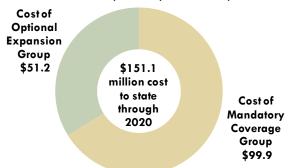
Yes. The two primary benefits include a decrease in the number of uninsured Wyoming residents (approximately 83,000 people), and a decrease in the approximately \$200 million dollars of uncompensated care that hospitals experience each year as they serve the uninsured. Other benefits include a positive impact on Wyoming's economy via increased federal funding, and the potential for increased local healthcare employment opportunities.

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ARE THERE COSTS TO EXPANDING MEDICAID?

Both the mandatory and optional components of the ACA will mean increased costs for Wyoming



and the federal government between 2014 and 2020, and beyond. A recent study¹ estimated these costs through the year 2020 separately for both parts, finding that the mandatory group would cost the state approximately \$99.9 million and the optional group would cost approximately \$51.2 million through 2020.

ARE THERE WAYS TO MINIMIZE THE COSTS?

Yes. If Wyoming chose to participate in the expansion of Medicaid, state costs would decrease. The WDH conducted an internal analysis, and found that more than 100% of the costs of both the mandatory group and the expansion group could be paid for through by the elimination or reduction of existing programs because the services provided would now be provided to Wyoming residents by Medicaid or other health insurance plans (offsets). Most of these programs are currently paid for entirely by state funds.

For example, state funds currently pay for a wide variety of mental health related services for Wyoming residents. Under the ACA, health insurance plans (including Medicaid) will cover many of these services, which means the state-funded mental health program could be reduced with little impact on clients.

Ultimately, the estimated offsets could result in a cost savings of approximately \$47.4 million for the state of Wyoming through 2020.

NO Expansion: Costs and Offsets (Mandatory ACA Groups Only)											
	2014	2015	2016	2017	2018	2019	2020	Total			
Federal Share	\$7.4	\$16.0	\$18.3	\$20.2	\$21.1	\$21.9	\$21.8	\$126.7			
State Share	\$6.8	\$14.1	\$14.4	\$14.7	\$15.4	\$16.5	\$18.3	\$99.9			
State Offsets	(\$0.5)	(\$1.0)	(\$4.0)	(\$4.1)	(\$4.3)	(\$4.5)	(\$2.1)	(\$20.5)			
State Net	-\$6.3	-\$13.1	-\$10.4	-\$10.6	-\$11.1	-\$12.0	-\$16.2	-\$79.4			



YES Expansion: Costs and Offsets (Mandatory + Optional ACA Groups)											
	2014	2015	2016	2017	2018	2019	2020	Total			
Federal Share	\$57.5	\$119.6	\$129.1	\$134.3	\$137.0	\$142.0	\$144.9	\$864.4			
State Share	\$8.1	\$16.9	\$17.6	\$21.0	\$25.7	\$28.4	\$33.6	\$151.1			
State Offsets	(\$8.7)	(\$23.2)	(\$31.2)	(\$32.5)	(\$33.8)	(\$35.1)	(\$34.0)	(\$198.5)			
State Net	+\$0.6	+\$6.3	+\$13.6	+\$11.5	+\$8.1	+\$6.7	+\$0.4	+\$47.4			

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¹See the Milliman, Inc. Medicaid Cost Study (2012), available at: http://www.health.wyo.gov/default.aspx. The administrative costs for each year that were left out of the tables in this study have been added in by the Wyoming Department of Health (WDH) for the purposes of this fact sheet.